SUMMARY

The Federal Communications Commission's theory that, "market incentives will ensure the presentation of programming that responds to community needs and problems" is not substantiated by the results of a study undertaken by the Office of Communication ("OC/UCC"). OC/UCC's conclusions are based upon a quantitative analysis of commercial television non-entertainment programming before and after deregulation.

The study selected for examination a stratified random sample of markets from 1974, 1979, 1984, and 1989. The average amount of non-entertainment programming aired daily by commercial TV stations in each of the sampled markets was compared on the basis of national averages and market size. The findings of the study show that:

1). The amount of locally produced public affairs declined to approximately 5 minutes daily during the 6:00 am to midnight day-part day in 1989. The amount of daily local public affairs in 1989 was 14 minutes less than the amount in 1979. This decline greatly exceeds the 2 percent decrease in local programming predicted by the FCC in TV deregulation;

2) Syndicated public affairs (eg. Oprah Winfrey, A Current Affair, Geraldo) has increased and local public affairs has decreased. This trend is most pronounced in high density markets where syndicated public affairs increased 3 percentage points from 1984, and local public affairs dropped half of one percentage point from its 1.38 percentage level in 1984;

3). Since 1984, national news declined 7 percentaged points during the prime time day-part and increased approximately 2 percentage points during the 6:00 am to midnight day-part;

4). From 1984 to 1989, local news during prime time declined almost 3 percentage points to a level less than the average amount of local news in 1974. Local news during the 6:00 am to midnight day-part has increased, but remained below its level in 1974.

The results of the study confirm the long-held belief that the incentives of the unregulated marketplace are not sufficient to influence TV stations to adequately serve the informational need of local communities. The study shows that compared to 1974, Americans have less access to news and public affairs during prime viewing hours.

In the competitive marketplace program decisions are driven by ratings of market-wide viewer habits. Issues-programs lists, the Commission's primary mechanism for ensuring adequate amounts of issue-responsive programming, are viewed by most broadcasters as a mere record-keeping requirement. As a result locally produced programming - serving the varied and discrete needs of specialized audiences - has become virtually extinct in the television broadcast markets of America.

The combined effect of repeal of the program content and anti-trafficking rules has only hastened the trend towards disregard for local needs and interests. As speculators enter markets, seeking to resell their station as a primary motive, entire markets of TV broadcasters react by concentrating upon profit maximization in order to survive. Local public affairs and news operations are often the casualties of such market dynamics.

In order to restore localism and media diversity the Commission must first establish a level playing field in which all competitors play with the same objective in mind. Adoption of anti-trafficking rules along with three year license terms would greatly add to market stability and public interest accountability. In addition, the Commission should,

1). Adopt quantitative programming guidelines for locally produced issue-responsive programming (eg. public affairs). In the context of petitions-to-deny, the Commission should place the burden of proof on licensees to show how such programming is the direct result of a systematic effort to identify issues of social concern to general and specialized audiences;

2). Gather and analyze data on the amount of locally produced issue-responsive programming for the TV industry as a whole. This would enable the public and the Commission to examine the public interest impact of deregulation on an ongoing basis. The data collection effort could be facilitated by annual reports submitted by TV stations similar to those required prior to deregulation;

3). Adopt a uniform format for issues-programs lists in order that the programming performance of various stations can be easily evaluated and compared. In terms of content, such lists should include detailed program descriptions and explanations of the methods employed to identify each issue of local social concern;

4). Conduct regular and systematic inspections of station public files in order to enforce compliance with disclosure requirements designed to ensure the ability of citizens to evaluate a broadcaster's programming performance.

5). Reinstate the Fairness Doctrine in order to ensure that each station fulfills its responsibility to cover issues of social controversy by presenting a diversity of viewpoints.

Finally, the Commission should abandon its current attic-to-basement review. No compelling reason has been given for the further relaxation of structural rules designed to protect localism and media diversity, other than alleviating the financial hardships of private interests. Many of the economic difficulties of the broadcast industry are directly related to deregulatory policies (ie. policies that favor ease of market entry and repeal of the anti-trafficking rules) that the industry supported in the past. Instead the Commission should fulfill its statutory mandate to regulate in the public interest by examining how the interests of the viewing public has been negatively impacted by deregulation and adopt the recommendations summarized above.

BACKGROUND

In TV Deregulation,[1] the Commission repealed many of the program content rules that had previously governed the television industry.[2] The Commission, however, did not eliminate the obligation of TV stations to provide non-entertainment programming, and it remained the concern of the Commission that,

> issues of importance to the community will be discovered and addressed in programming so that the informed public opinion, necessary in a functioning democracy, will be possible.

Commercial TV Stations at 1091.

The Commission further stated that TV stations remain obligated to, "provide programming responsive to issues of concern to its community of license." id.

In order to demonstrate their public interest performance, TV stations were required to maintain issues-programs lists that contain a station's most significant treatment of community issues during each preceding three month period. 47 CFR 73.3526. Under the new regulatory scheme, issues-programs lists are the central enforcement mechanism for ensuring that TV stations have discovered issues of local concern and responded with appropriate

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[1]. Commercial TV Stations 98 FCC 2d 1076 (1984) ("Commercial TV Stations") recon., 104 FCC 2d 358 (1986), aff'd in part and remanded in part, ACT v. FCC, 821 F. 2d 741 (D.C. Cir. 1987).

[2]. Program content rules seek to achieve public interest programming by directly influencing the program decision-making process. Examples of the rules repealed in TV deregulation include the requirement for quantitative programming guidelines, community ascertainment surveys, and programming logs. For an overview of television deregulation see attachment Broadcast Deregulation: In Whose Interest?

programming selections.[3]

Prior to deregulation the Commission relied upon quantitative programming guidelines[4] to promote the goal of localism. As stated in its 1976 Non-entertainment Programming Order, the reason for the adoption of quantitative guidelines for local and informational programming was to recognize "the importance of any broadcast facility's function as a locally oriented transmission service".[5]

The principal of localism was not abandoned by TV deregulation. It was in fact given continued recognition under the Commission's theory of marketplace regulation which said that

> [M]arket incentives will ensure the presentation of programming that responds to community needs and provide sufficient incentives for licensees to become and remain aware of the needs and problems of their community.

Commercial TV Stations at 1077.

This study by OC/UCC arose out of concern that the Commission's enforcement mechanisms and model of marketplace economics

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3. Moreover, in the context of license renewal,

> [T]he existence of the issues-programs lists in the station's public file will give the Commission sufficient assurance that the station has met its issue-responsive programming responsibility during the past license term to grant renewal on that issue.

Commercial TV Stations at 1110.

4. The quantitative programming guidelines set a standard of 5% news and public affairs, 5% local programming, and 10% total non-entertainment programming that stations must meet in order to have their license renewal applications reviewed at the Bureau level rather than by the full Commission. The 5% local programming guideline included entertainment as well as non-entertainment programming. Amendment of Section 0.281 of the Commission's Rules, 59 FCC 2d 491, 193 (1976).

5. Non-entertainment Programming, 59 FCC 2d. 491, 492 (1976)

had not adequately achieved the goal of localism and had resulted in a diminution of issue-responsive programming. A basis for this concern was a 1989 study by Essential Information which found that the average percentage of issue-oriented public affairs programming during the 6:00 am to midnight day-part had decreased 51 percent between 1979 and 1988. Locally produced public affairs was found to have declined 39 percent.[6]

In addition, two recent petitions-to-deny were filed based upon unacceptable amounts of issue-responsive programming and failure on the part of a licensee to comply with the issues-programs lists requirement.

A 1989 petition-to-deny[7] against six Philadelphia license renewal applicants found a total market failure on the part of the licensees to provide suitable amounts of issue-responsive programming. Based upon an analysis of the issues-programs lists of the six stations, the petition demonstrated that no station listed issue-responsive programming that totalled more that 5.2 percent of its total broadcast time in a single year. Of the total amount of issue-responsive programming, only 2.6 to 30.6 percent was devoted to a significant treatment of minority-

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[6]. Shortchanging the Viewers: Broadcasters' Neglect of Public interest Programming, Essential Information, 1989.

[7]. In Re License Renewal Applications of Commercial Television Licensees Serving Philadelphia, PA. File no BRCT-890331KG et al. 5 FCC Rcd 3847 (1990) ("In re Philadelphia"). The parties filing the petition included OC/UCC, the Pennsylvania chapter of the National Organization for Women, Congreso de Latinos Unidos, and the Philadelphia Lesbian and Gay Task Force. The latter organization expended over $20,000 of its resources to prepare research in support of the petition-to-deny.

oriented issues.[8] In its Order approving all six renewal applications the Commission said,

> [W]e find the amount of programming noted in the Study with regard to each licensee to be adequate, contrary to petitioners' conclusions.

In re Philadelphia note 10 (emphasis added).

The Philadelphia petition raised significant questions about the efficacy of the Commission's marketplace theory that TV stations in competitive large markets are more likely to program to specialized audiences.

> [A]udience size may be more important than strength of demand....As the number of stations increase, each station can expect to reach a smaller audience share. In making its programming decisions, the licensee is more likely to seek specialized audiences.

Deregulation of Radio 84 FCC 2d. 968, 1024 (1981).

The Philadelphia market included affiliates of the 3 major networks, 1 group owned station, 2 independents, an educational TV station, various radio media, and various alternative video services (ie. cable TV). In 1989, the Philadelphia market had the fourth largest TV audience in the country with diverse ethnic and non-ethnic communities. Nonetheless, research in support of the petition indicated that these specialized audiences were under-served.

In a separate petition-to-deny,[9] a license renewal

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8. Whose Public Interest at 1 attached to Petition to Deny filed July 3, 1989 In re Philadelphia.

9. In Re Application of AETC, 5 FCC Rcd. 2745 (1990) ("AETC"). Petitioners included OC/UCC, the NAACP, the Arkansas State Conference Branches of the NAACP, the Little Rock Branches of the NAACP, the National Black Media Coalition and the First Congregational Church of Little Rock.

applicant was challenged on the basis of its failure to prepare its issues-programs lists for an entire license term. The station did not contest its failure to comply with the Commission's rule. Instead it offered the defense that,

> The issues-programs lists are wholly superfluous to [the license renewal] process. The lists are simply a historic record of decisions made and programs aired.

Opposition to Petitions for Reconsideration filed by Arkansas Educational Television Commission at 18, AETC.

Although this statement flies in the face of Commission policy (supra note 3), the station's renewal application was approved without an evidentiary hearing to determine whether the licensee had fulfilled its public interest responsibilities. The licensee's mistaken perception concerning the role of issues-programs lists in combination with lack of vigorous enforcement on the part of the Commission suggests wide spread non-compliance with the only remaining post-deregulation rule designed to protect localism and community service.[10]

In TV deregulation, the Commission anticipated a 2 percent decrease in the amount of local programming as a result of repeal of the quantitative programming guidelines.[11] Seven years have lapsed since TV deregulation, - ten years in the case of radio - and the Commission has made no effort to determine the actual extent to which local informational programming has decreased.

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[10]. Also see In the Matter of Petition for Reconsideration of Commission's Denial of Application for Review filed by Oro Spanish Broadcasting, Inc., 5 FCC Rcd. 5500 para. 2 where the Commission deleted a forfeiture penalty for failure to make available the public file for inspection by an FCC official.

[11]. Commercial TV Stations at 1082 - 1085.

As evidenced from the cases cited, the Commission has forgotten about its commitment to rely upon issues-programs lists and petitions-to-deny to monitor licensee performance and evaluate the effects of deregulation.[12]

Furthermore, the Commission has reneged upon its promise to systematically inspect station public files.[13] The accuracy and accessibility of such files enables the general public to exercise its statutory right to determine whether licensees are providing programming in response to local needs and problems.[14]

Given the absence of FCC initiative to enforce and evaluate its rules, this study was undertaken to examine the public interest cost of deregulation.

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12. Commercial TV Stations at 1077.

13. In its post-card renewal proceeding the Commission represented that it would systematically inspect the public file of its licensees to enforce compliance with the issues-programs lists requirement. Post-Card Renewal 49 RR2d 740, 749-753 (1981). See also Black Citizens for a Fair Media v. FCC, 719 F.2d 407, 416 (DC Cir., 1983); Commercial TV Stations at 1112.

14. Section 309 (d) of the Communications Act of 1934. See also Office of Communication, United Church of Christ v. FCC, 707 F.2d 1413, 1441 (D.C. Cir. 1983) (The right of the general public to participate in the license renewal process is an "unassailable right").

PARAMETERS AND METHODOLOGY

The study was designed to assess the impact of deregulation on non-entertainment programming by comparing the quantity of such programming aired by commercial TV stations before and after TV deregulation.[15] The study did not attempt to measure any change in the quality of non-entertainment programming. Criteria used were those defined by the FCC under the pre-deregulation scheme (see Exhibit I). They consist of news, public affairs, and other non-entertainment (ie. agricultural, instructional and religious) programing.

The study also undertook to determine whether programming trends varied for small and large audience sizes. This enabled the study to evaluate the Commission's theory that competitiveness and audience size are important factors in determining whether the needs of specialized audiences are met (see page 8, supra).

Data on the amount of non-entertainment programming were collected from a representative sampling of ADI markets for 1984 and 1989 (representing post-deregulation data) and compared with 1974 and 1979 data collected by the FCC (representing pre-deregulation data). The figures in the study represent minutes of programming (derived from market averages) expressed as percentages of broadcast day-parts (6:00 am to midnight, and prime time).

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[15]. Commercial TV Stations, effective September 1984; modified in part on reconsideration Television Deregulation 104 FCC 2d 357, effective June 1986.

Data on non-entertainment programing in 1974 and 1979 were obtained from the FCC Television Broadcast Programming Data reports. These reports contained information reported to the FCC by commercial television stations in their Annual Television Programming reports (Form 303-A). Such data were not collected by the FCC after 1979 - precluding the possibility of utilizing station reported information to evaluate programming performance after that year. An effort was made to replicate the FCC's methodology as closely as possible. Programming data for the years 1984 and 1989 were gathered from the television guides of local newspapers and tabulated in a manner that was consistent with the Commission's data collection methods.[16] 1984 and 1989 data were not adjusted for commercials and PSA air-time. Programming data reported annually by television stations for 1974 and 1979 did not contain commercial time and included time for PSAs.

Programs included in the study were classified as news, public affairs, or other non-entertainment according to FCC definitions based upon television guide program descriptions. An industry prepared reference[17] was relied upon in instances where

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[16]. Information collected for OC/UCC and the Commission was based upon a "composite week" of programming. The composite week consists of seven randomly selected days of programming for any particular year. The composite weeks for 1984 and 1989 were determined by first selecting seven random weeks and then assigning a unique day of the week to each of the weeks chosen.

[17]. Television Contacts, published by Larimi Media Directories, New York, New York, is a nationwide guide of local and syndicated public affairs and news shows prepared for the public relations industry.

program guide descriptions were inadequate to make a classification. In many instances, stations were contacted by telephone to verify the correct classification of programming. FCC definitions were liberally applied to syndicated talk shows such as Oprah Winfrey and Geraldo to include them as national public affairs. Likewise, the news definition was interpreted to include Entertainment Tonight.

A stratified random sample of markets was selected for each year. The stratification was designed to evaluate variations in programming trends according to audience size. The stratifications were based upon market size and designated as high, moderate and low density ranges with one-third of the nations TV households included in each range. In 1984, for example, ADI markets 1 through 12 accounted for 33 percent of the national TV households. The same was true for markets 13 through 53, and markets 54 through 209. For the purpose of the study these market ranges were respectively designated as high, moderate, and low density markets.

Comparative data was not derived by using the same markets in all four years. Rather, a random selection was made for each year with the result that a few of the same markets were included in more than one year.

A representative random sampling of markets was selected from each of the market ranges. This was accomplished by first predetermining the sampling size within a market range that was necessary to maintain a standard error rate of .05. A sampling was then generated by a computerized algorithm after giving the program the parameter of numbers within which to make a selection. For example, a sampling for the 1984 high density market range was selected by first determing that a sampling size of 3 markets was a sufficient representation of 12 markets to maintain the .05 standard error rate. The algorithm program was then instructed to select three random numbers between 1 and 12.

All of the commercial TV stations for each of the randomly selected markets were examined, and their non-entertainment programming was tabulated. A list of all of the markets included in the study appears in Exhibit II.

FINDINGS AND ANALYSIS

The following includes the results of the OC/UCC study followed by an analysis. Figures in sections A and B are derived from samples of the national market. Figures in Section C are derived from samples of high, moderate and low density markets.

A: Local Programming

1). Since 1984, the percentage of public affairs programming during the broadcast day dropped below the already low levels of such programming in 1974. The percentage of news increased for the 6:00 am to midnight day-part and decreased during prime time. The proportion of news overall is about the same as it was in 1974.

	1974	1979	1984	1989
6:00 am - midnight (chart I)				
local news	4.8%	4.8%	2.59%	4.25%
local public affairs	1.8%	1.8%	.57%	.45%
Prime Time (chart II)				
local news	6.1%	6.2%	7.88%	5.18%
local public affairs	1.2%	1.3%	.16%	.25%

2). Other non-entertainment programming decreased by 1984, but went back up in 1989 for the prime time and 6:00 am - midnight day-parts.

	1974	1979	1984	1989
6:00 am - midnight				
local other	2.0%	2.0%	.96%	2.32%
Prime Time				
local other	.7%	1.2%	.57%	1.26%

B: National Programming

1). Since 1984 news decreased and public affairs increased during the 6:00 am - midnight day-part.

	1974	1979	1984	1989
6:00 am - midnight (chart III)				
natl. news	8.9%	9.4%	12%	10.1%
natl. public affairs	4.1%	4.5%	4.38%	6.91%

2). For the prime time day-part, news decreased significantly below its 1984 and 1974 levels .

	1974	1979	1984	1989
Prime Time (chart IV)				
natl. news	11.7%	12.2%	16.58%	9.76%

3). For the prime time day-part, public affairs has decreased since 1984.

	1974	1979	1984	1989
Prime Time (chart IV)				
natl. public affairs	2.5%	3.7%	5.02%	3.26%

4). Other non-entertainment programming has increased steadily for the prime-time and 6:00 am - midnight day-parts.

	1974	1979	1984	1989
6:00 am - midnight				
natl. other	8.7%	12%	13.19%	14.06%
Prime Time				
natl. other	2.4%	5.5%	6.51%	6.02%

C: Programming Trends by Market Density

1). The far right column, below, represents the percentage change in informational programming (news and public affairs) from 1984 to 1989. Both national and local informational programming between 1984 and '89 declined in high density markets and increased in low density markets. Local informational programming increased mostly in low density markets and declined slightly in high density markets.

	1974	1979	1984	1989	info. prog. % change '84 - '89
High Density Markets (chart V)					
natl. news	8.95%	8.4%	14.28%	10.22%	
natl. public aff.	3.75%	6.15%	4.76%	7.76%	-1.06
local news	6.95%	5.85%	4.2%	4.11%	
local public aff.	2.35%	3.85%	1.38%	.9%	-.57
Moderate Density Markets (chart VI)					
natl. news	8.33%	9.25%	10.64%	9.4%	
natl. public aff.	3.88%	4.65%	4.11%	5.93%	+.58
local news	5.05%	5.53%	2.51%	3.58%	
local public aff.	1.81%	2.05%	.46%	.41%	+1.02
Low Density Markets (chart VII)					
natl. news	8.4%	9.21%	12.74%	10.78%	
natl. public aff.	4.11%	3.72%	4.57%	7.93%	+1.4
local news	4.18%	4.92%	1.82%	5.28%	
local public aff.	1.15%	1.15%	.29%	.32%	+3.49

D: Analysis

The amount of locally produced public affairs programming fell to almost negligible levels. .45 percent during the 6:00 am to midnight day-part represents less than five minutes of local public affairs a day.[18]

During 1984 to 1989, prime time local news declined 2.7

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18. Also see Shortchanging the Viewers: Broadcasters' Neglect of Public interest Programming, Essential Information, 1989. This study surveyed 217 TV stations. It found that the amount of total public affairs programming for the 6:00 am to midnight day-part decreased by 2.3 percentage points from 1975 to 1988. Locally produced public affairs decreased .7 percentage points.

percentage points to a level less than local news in 1974. The amount of local news during the 6:00 am to midnight day-part increased to a level just below its level in 1974 (charts I and II).

With respect to national informational programming since 1984, national news declined almost 7 percentage points during the prime time day-part and approximately 2 percentage points during the 6:00 am to midnight day-part. Compared to 1974, Americans watch less news and more entertainment during the prime time (charts III and IV).

Charts V, VI, and VII show that between 1974 and 1989 syndicated public affairs increased in all three market ranges while locally produced programming decreased. Comparing large and small size audiences, local news and public affairs declined at a greater rate in high density markets.

Since deregulation, this trend is more accentuated. Local informational programming (news and public affairs), between 1984 and 1989, declined in high density markets (-.57 points), but increased in moderate (+1.02 points) and low (+3.49 points) density markets.

ISSUES RAISED BY FINDINGS

The Commission's belief that "market incentives will ensure the presentation of programming that responds to community needs" is not substantiated by study results that show a decrease in locally produced public affairs. Local public affairs has been almost completely jeopardized by TV deregulation. It declined from over 6 minutes of programming during the 6:00 am to midnight day-part in 1984 to less than 5 minutes in 1989. The amount of local public affairs in 1989 is 14 minutes less than it was in 1979. This decline greatly exceeds the 2 percent decrease in local programming (comprising entertainment and non-entertainment programming) predicted by the FCC.[19]

According to the Commission, "coverage of local of issues does not necessarily have to come from locally produced programming." However, the Commission overlooked the fact that any decline in local public affairs (already at a fraction of 1 percentage point in 1984) would result in its demise.

Syndicated public affairs, which has tended to supplant local public affairs, is exemplified by programs such as Ophra Winfrey, Geraldo, Phil Donahue, Good Morning America, A Current Affair, and 20/20.[20] A substantial portion of these programs includes sports, travel, fashion, arts, and celebrity interviews.

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[19]. Commercial TV Stations at 1085 n. 28. In TV deregulation, the Commission predicted a 2 percent decrease in local programming. This decrease was viewed as acceptable, because national programming could be used to address local needs.

[20]. Examples of such programming are . These programs are syndicated to anywhere from 100 to over 200 hundred stations.

These program elements do not address issues of social importance or the unique concerns of the thousands of communities across America.

To the extent that syndicated public affair shows represent an effort to program to general audiences, there is no basis to the Commission's theory that licensees will be more likely to seek specialized audiences in large TV markets in order to remain competitive. The increase in syndicated programming, combined with the decline in local informational programming in high density markets, follows a pattern exactly opposite to that predicted by the Commission.

The marketplace "myths" that TV deregulation was based upon: 1) that marketplace incentives will ensure the presentation of issue-responsive programming; and 2) that licensees will likely seek specialized audiences in large markets, has resulted in the socially irresponsible media of today. Rather than ascertain the needs of the community, TV licensees rely upon ratings - to the exclusion of issues-programs lists - to compete in the marketplace. As indicated by petitions-to-deny cited above (see AETC case page 8, supra), issues-programs lists play a very <u>in</u>significant role in the program decision-making process.

In the competitive marketplace, station managers are primarily concerned with reducing programming costs and generating ratings that will attract advertiser revenues. Cost savings associated with economies of scale generally result in decisions to replace local programming with syndicated programming. These two imperatives are exacerbated by the need to compete with speculators who streamline operations in order to profitably sell their stations.[21] In order to service their highly leveraged debt, speculators frequently eliminate local news and/or public affairs departments. According to a recent survey of independent television stations that have no local news operations, one-third were found to have been sold since 1984.[22]

The other strategy of speculators is to "cream-skim" the market by running programming that receive high ratings, usually entertainment programming. In order to compete, other stations aggressively counterprogram with similar entertainment-oriented programming and reduce costs by cutting back on news and public affairs.[23] In such unstable markets, program decision makers

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[21]. For more than forty years the Commission enforced a policy that strictly forbid "trafficking" in licenses - buying stations for the primary purpose of selling them at a profit. Trafficking was considered inconsistent with the concept of licensees serving as public trustees. The anti-trafficking rule was repealed in 1982. Since that time station prices have spiralled. According to Broadcasting (February 8, 1988), the 30 television stations and 597 radio stations approved for sale in 1982 were valued at $1 billion. In 1985, approved sales included 99 television stations (a 230 percent increase) and 1,558 radio stations (a 160 percent increase) valued at $5.7 billion (a 470 percent increase). 1987 approved sales exceeded $7.5 billion.

[22]. Stone, V. A. and McKean M.L. "Why Stations Don't Do News" from the forthcoming June 1991 issue of RTNDA Communicator.

[23]. According to a 1988 white paper issued by the National Association of Broadcasters,

> The introduction of more and more new stations in any market will cause a drop off in audience and accompanying revenues for existing stations. Because there would be no accompanying decrease in operating expenses, the station would have to make cuts in staff or make programming changes. Resources that used to be devoted to programming and community service might, of necessity, have to be devoted to just

cannot afford to invest in local productions aimed at specialized audiences. Local productions of social-oriented programming are disfavored by market-wide rating systems - the primary factor that drives program decision-making.

With respect to national and local news, news content studies have shown them lacking in terms of meeting the informational needs of viewers. Political news coverage generally emphasizes election results, rather than candidate records, qualities, and qualifications - information required of an informed electorate.[24]

> staying on the air. A station could be forced to choose between subsidizing news and public affairs, thereby reducing an already low profit margin, or reducing the amounts of news and public affairs programming, thereby risking the chance of losing its license for failure to fulfill its issue-responsive programming obligations.

Is More Necessarily Better?: A White Paper, National Association of Broadcasters, June 1988 ("NAB White Paper") at 4.

[24]. Contrary to Commission predictions concerning TV stations remaining aware of local concerns the forces of the marketplace have not influenced local news to cover the substantive aspects of political elections.

> Network television's coverage of presidential campaigns is heavily oriented toward the "horse race." We might expect local TV to be different: since the networks, newspapers, and newsmagazines cover the horse race so thoroughly, local television might have an opportunity and incentive to attract audience by offering something distinctive. On the other hand, the same imperative driving ABC, CBS, and NBC to emphasize the horse race might also lead local stations to focus on the horse race. These conflicting expectations are resolved by the actual findings. Like the networks, local stations do stress the horse race, but they give a kind of local spin by emphasizing candidates of greatest interest in their markets.

Entman, Robert M., "Presidential Campaigns and the Future of Television News: Super Tuesday on Local TV" p. 4, The Future of News (Washington, D.C. 1991). L. Lichty & D Gomery, Eds. (footnote omitted).

According to one scholar,

> [R]esearch clearly establishes that, despite any improvement in access to news, Americans do not know more about politics now than they did twenty years ago. They vote less. According to some observers, the public's knowledge of facts or reality has actually deteriorated, so that more people are prone to political fantasy and myth transmitted by the same news media.

Entman, Robert M., Democracy Without Citizens, Oxford University Press, New York, New York, 1989, ("Entman I"), p. 4 (footnote omitted).

This conclusion should not come as a surprise given the trend towards placing more emphasis on human interest stories and less emphasis on substantive policy issues. For example, between 1975 and 1986 network news coverage of domestic policy issues fell 37 percent. During the same period, the amount of time devoted to human interest stories increased by 50 percent.[25]

At the local level, news coverage is generally found to be more geared towards weather, sports, commercials, reporter banter, and previews than coverage of substantive policy or political matters. A study of the Raleigh-Durham, N.C. market found that the half hour local TV news consisted of approximately 6 minutes of policy matters and 18 minutes of weather, human disasters, sports, commercials etc.

> [E]ven with the increase in stations, the amount of unique (ie. unduplicated) local political news on TV and radio probably comes to less in most markets than the amount in one newspaper.

Entman I p. 112 (footnote omitted).

The result of the Commission's deregulatory policies (which includes repeal of the quantitative guidelines, ascertainment

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[25]. Entman I pp. 117 - 119.

surveys, anti-trafficking, program logs and multiple ownership rules, and the principal of promise vs. performance[26]) is a highly competitive marketplace that encourages business strategies driven by market-wide ratings and that discourages programs that satisfy the discrete informational needs of communities within markets. The cost of deregulation to private interests has been an increase in bankruptcies.[27] The cost to the public interest has been a further decline in social-oriented programming tailored to meet the needs of the local community.

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[26]. For an overview of TV deregulation see attached paper Broadcast Deregulation: In Whose Interest?.

[27]. See Ferrall, Victor E., "The Impact of Television Deregulation on Private and Public Interests," Journal of Communications, Winter 1989 pp. 13 - 14 for a discussion of declining revenues attributable to loss of audience share, and the increasing cost of debt service. Even elements within the broadcast industry admit that effects of deregulation undermine their ability to serve the public interest.

> Unregulated economic competition in the communications industry is likely to destroy a local radio or television station's ability to broadcast non-entertainment programs and fulfill its obligations to its community of license.

NAB White Paper at 3

POLICY RECOMMENDATIONS

The goal of policy reform should be to promote diversity of viewpoint and the restoration of localism. Both of these goals have been undermined as syndicated programs have gradually supplanted local programming over the past several years.

These goals can by achieved by first restoring market stability and creating a level playing field for all competitors. Restoration of the anti-trafficking rules would go a long way towards contributing to market stability and creating conditions under which all licensees can compete equally.

Anti-trafficking rules would reduce the need for stations, that have traditionally served their community, to alter their programming in order to compete with speculators interested profit maximization. A prohibition against selling a license before the end of two license terms and reducing the license term to three years would effectively restore accountability to the community and market stability. Moreover, it would discourage programming policies aimed at gaining audience share at the expense of public interest programming. Such policies disserve the interests of a broadcaster seeking to develop a long-standing reputation for serving the informational needs of the community.

Having established an even playing field on which to compete, a set of regulations must be adopted that will ensure that all players fulfill their obligation to provide a public service. The Commission's record of disregarding the merits of